



RBA:
CITY OF AUSTIN
RECOMMENDATION FOR BOARD ACTION

AGENDA ITEM NO: 3
AGENDA DATE: 03/01/07
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SUBJECT: Authorize the negotiation and execution of agreements under the Acquisition and Development Program, in an amount not to exceed \$1,600,000 for investment in a proposed condominium project at 7685 Northcross Drive, to provide a minimum of 40 affordable homeownership units for low- to moderate-income buyers.

AMOUNT & SOURCE OF FUNDING: Funding is available in the Fiscal Year 2006-2007 Austin Housing Finance Corporation budget under the Acquisition and Development Program. The transaction will be funded with available CIP funds.

FISCAL NOTE: There is no unanticipated fiscal impact. A fiscal note is not required.

FOR MORE INFORMATION CONTACT: Paul Hilgers, Executive Director, Austin Housing Finance Corporation, 974-3108

PRIOR COUNCIL ACTION: NONE

Following Board approval, the requested financing described below will be used to create a minimum of 40 homeownership units for low-to-moderate income buyers.

Built in 1985, the current facility is operated as Summerfield Suites, an extended-stay hotel, comprised of eleven two-story buildings on a 5.19 acre site near Burnet Road and Anderson Lane. The total project consists of 180 residential units. 141 1-bedroom/1-bath and 39 2-bedroom/2-bath. The site includes a 6,800 square foot office/clubhouse facility and swimming pool with pool house.

AHFC is negotiating the purchase of a minimum of 40 units:

| | | |
|----|------------------------|------------------|
| 34 | 1 bedroom/1 bath units | @ \$79,900 each |
| 6 | 2 bedroom/2 bath units | @ \$114,900 each |

Austin Housing Finance Corporation (AHFC) will provide a loan guaranty in the amount of \$1,500,000 to assist in securing the developer's financing of the project. This guaranty will create an interest to purchase up to 40 units at an agreed price. Earnest Money Contracts for purchase of all 40 units will be executed, and \$2,500 per unit Earnest Money will be deposited in escrow for a total of \$100,000.

At least one-half of the 40 affordable units will be sold to households at or below 60% MFI (currently \$42,650 for a 4-person household), with permanent affordability secured by the AHFC Community Land Trust model. The remaining affordable units will be sold to households at or below 80% MFI (currently \$56,900 for a 4-person household).

Low-to-moderate income buyers will secure mortgage financing to purchase the affordable units, providing AHFC with Acquisition & Development Homeownership CIP Program Income that will be re-invested to fund additional affordable units throughout Austin.

Sources and Uses of Funds

| Sources | Uses |
|-----------------------------|--|
| AHFC CIP Funds \$1,400,000 | |
| AHFC CIP-PI Funds \$200,000 | |
| | Loan Guaranty/Acquisition \$1,500,000. |
| | Earnest Money Deposit (40 units x \$2,500 ea) <u>\$100,000</u> |
| | \$1,600,000 |

Performance measures associated with the project are as follows:

1. Develop a minimum of 40 units of affordable homeownership units for low-to-moderate income buyers.

The requested funding is available in the Fiscal Year 2006-2007 budget allocation of the AHFC, and the request is consistent with the City of Austin's currently approved Consolidated Plan and the AHFC's strategy to provide assistance through below market rate financing for the development of affordable housing for low-to-moderate income households and persons with special needs.